

CHAPTER 35

AN ACT concerning the lease and sale of certain property not needed for public purposes to certain nonprofits to encourage and facilitate urban farming and gardening, and providing a property tax exemption for land leased or sold for urban farms, amending and supplementing P.L.1971, c.199 and amending R.S.54:4-3.6.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

C.40A:12-15.1 Findings, declarations relative to lease, sale of certain property to nonprofits for certain purposes.

1. The Legislature finds and declares:

a. There exists in certain older, urban municipalities an excess of vacant property that is not needed for public use; and

b. Vacant properties present numerous problems for these municipalities such as: presenting the opportunity for criminal activity, deterring neighboring property owners from improving their properties and prospective purchasers and renters from locating into these areas, and serving as a location to dispose of unwanted items; and

c. These municipalities are often centers of high and increasing populations and population densities comprised, in part, of lower income families; and

d. Due, in part, to increasing population densities, the deterioration of infrastructure such as parks, and fiscal constraints, these municipalities have been challenged to offer residents opportunities to enhance the quality of their lives; and

e. Due to the scarcity of full service supermarkets and farmer's markets within these municipalities, municipal residents often suffer from a shortage of fresh fruits and vegetables; and

f. The shortages of recreational opportunities and sources of fresh fruits and vegetables have contributed to alarming increases in childhood obesity and other adverse health consequences for municipal residents; and

g. While provisions of statutory law authorize local units to lease or sell property that is not needed for public use in order to further various public purposes, these statutory provisions limit municipalities from enlisting the assistance of nonprofit entities to develop these properties for a range of public purposes that could enhance the recreational, educational, and nutritional needs of local residents; and

h. Authorization for local units to lease and sell vacant land to nonprofit entities to cultivate these lands can provide both recreational opportunities and a source of fresh, locally grown fruits and vegetables for local residents; and

i. The nonprofit cultivation of previously vacant land by nonprofit entities is a public purpose for which the long term lease and sale of these properties, and exemption from property taxation therefor, is warranted, even in those instances when produce is sold to further the mission of these nonprofit entities.

2. Section 15 of P.L.1971, c.199 (C.40A:12-15) is amended to read as follows:

C.40A:12-15 Purposes for which leases for a public purpose may be made.

15. Purposes for which leases for a public purpose may be made.

A leasehold for a term not in excess of 50 years may be made pursuant to this act and extended for an additional 25 years by ordinance or resolution thereafter for any county or municipal public purpose, including, but not limited to:

(a) The provision of fire protection, first aid, rescue and emergency services by an association duly incorporated for such purposes.

(b) The provision of health care or services by a nonprofit clinic, hospital, residential home, outpatient center or other similar corporation or association.

(c) The housing, recreation, education or health care of veterans of any war of the United States by any nonprofit corporation or association.

(d) Mental health or psychiatric services or education for persons with mental illness, persons with a mental deficiency, or persons with intellectual disabilities by any nonprofit corporation or association.

(e) Any shelter care or services for persons aged 62 or over receiving Social Security payments, pensions, or disability benefits which constitute a substantial portion of the gross income by any nonprofit corporation or association.

(f) Services or care for the education or treatment of cerebral palsy patients by any nonprofit corporation or association.

(g) Any civic or historic programs or activities by duly incorporated historical societies.

(h) Services, education, training, care or treatment of poor or indigent persons or families by any nonprofit corporation or association.

(i) Any activity for the promotion of the health, safety, morals and general welfare of the community of any nonprofit corporation or association.

(j) The cultivation or use of vacant lots for gardening or recreational purposes.

(k) The provision of electrical transmission service across the lines of a public utility for a county or municipality pursuant to R.S.40:62-12 through R.S.40:62-25.

(l) In any city of the first, second, third or fourth class, the lease of a tract of land of less than five acres to a nonprofit corporation or association to cultivate and sell fresh fruits and vegetables.

Except as otherwise provided in subsection (k) of this section, in no event shall any lease under this section be entered into for, with, or on behalf of any commercial, business, trade, manufacturing, wholesaling, retailing, or other profit-making enterprise, nor shall any lease pursuant to this section be entered into with any political, partisan, sectarian, denominational or religious corporation or association, or for any political, partisan, sectarian, denominational or religious purpose, except that a county or municipality may enter into a lease for the use permitted under subsection (j) with a sectarian, denominational or religious corporation; provided the property is not used for a sectarian, denominational or religious purpose. In the case of a municipality the governing body may designate the municipal manager, business administrator or any other municipal official for the purpose of entering into a lease for the use permitted under subsection (j). Any lease entered into pursuant to subsection (l) with a non-profit corporation or association may permit the non-profit corporation or association to sell fresh fruits and vegetables on the leased land, off the leased land, or both, provided, that the sales are related and incidental to the non-profit purposes of the corporation or association and the net proceeds received by the non-profit corporation or association are used to further the non-profit purposes of the corporation or association. Property leased pursuant to subsection (l) of this section shall be exempt from property taxation.

3. Section 21 of P.L.1971, c.199 (C.40A:12-21) is amended to read as follows:

C.40A:12-21 Private sales to certain organizations upon nominal consideration.

21. Private sales to certain organizations upon nominal consideration. When the governing body of any county or municipality shall determine that all or any part of a tract of land, with or without improvements, owned by the county or municipality, is not then needed for county or municipal purposes, as the case may be, said governing body, by resolution or ordinance, may authorize a private sale and conveyance of the same, or any part thereof without compliance with any other law governing disposal of lands by counties and municipalities, for a consideration, which may be nominal, and containing a limitation that such lands or buildings shall be used only for the purposes of such organization or association, and to render such services or to provide such facilities as may be agreed upon, and except as provided in subsection (n) of this section not for commercial business, trade or manufacture, and that, unless waived, released, modified, or subordinated pursuant to P.L.1943, c.33 (C.40:60-51.2), if said lands or buildings are not used in accordance with said limitation, title thereto shall revert to the county or municipality without any entry or reentry made thereon on behalf of such county or municipality, to

(a) A duly incorporated volunteer fire company or board of fire commissioners or first aid and emergency or volunteer ambulance or rescue squad association of a municipality within the county, in the case of a county, or of the municipality, in the case of a municipality, for the construction thereon of a firehouse or fire school or a first aid and emergency or volunteer ambulance or rescue squad building or for the use of any existing building for any or all of said purposes and any such land or building sold to any duly incorporated volunteer fire company may be leased by such fire company to any volunteer firemen's association for the use thereof for fire school purposes for the benefit of the members of such association, or

(b) Any nationally chartered organization or association of veterans of any war, in which the United States has or shall have been engaged, by a conveyance for consideration, a part of which may be an agreement by the organization or association to render service or to provide facilities for the general public of the county or municipality, of a kind which the county or municipality may furnish to its citizens and to the general public, or

(c) A duly incorporated nonprofit hospital association for the construction or maintenance thereon of a general hospital, or

(d) Any paraplegic veteran, that is to say, any officer, soldier, sailor, marine, nurse or other person, regularly enlisted or inducted, who was or shall have been in the active military or naval forces of the United States in any war in which the United States was engaged, including any member of the American Merchant Marine during World War II who is declared by the United States Department of Defense to be eligible for federal veterans' benefits, and who, at the time he was commissioned, enlisted, inducted, appointed or mustered into such military or naval service, was a resident of and who continues to reside in this State, who is suffering from paraplegia and has permanent paralysis of both legs or the lower parts of the body resulting from injuries sustained through enemy action or accident while in such active military or naval service, for the construction of a home to domicile him, or to any organization or association of veterans, for the construction of a home or homes to domicile paraplegic veterans, with powers to convey said lands and premises to the paraplegic veteran or veterans on whose behalf said organization or association shall acquire title to said land, or

(e) Any duly incorporated nonprofit association or any regional commission or authority composed of one or more municipalities or one or more counties for the construction or maintenance thereon of an animal shelter, or

(f) Any duly incorporated nonprofit historical society for the acquisition of publicly owned historic sites for their restoration, preservation, improvement and utilization for the benefit of the general public, or

(g) Any duly incorporated nonprofit cemetery organization or association serving the residents of the municipality or county, or

(h) Any duly incorporated nonprofit organization for the principal purpose of the education or treatment of persons afflicted with developmental disabilities including cerebral palsy, or

(i) Any county or municipal sewerage authority serving the residents of the county or municipality, for the use thereof for sewerage authority purposes, or

(j) Any duly incorporated nonprofit organization for the purpose of building or rehabilitating residential property for resale. Any profits from the resale of the property shall be applied by the nonprofit organization to the costs of acquiring and rehabilitating other residential property in need of rehabilitation owned by the county or municipality, or

(k) Any duly incorporated nonprofit organization or association, other than a political, partisan, sectarian, denominational or religious organization or association, which includes among its principal purposes the provision of educational, gardening, recreational, medical or social services to the general public, including residents of the county or municipality, or

(l) Any duly incorporated nonprofit housing corporation or any limited-dividend housing corporation or housing association organized pursuant to P.L.1949, c.184 (C.55:16-1 et seq.) for the purpose of constructing housing for low or moderate income persons or families or handicapped persons, or

(m) Any duly incorporated nonprofit hospice organization whose principal purpose is to provide hospice services to the terminally ill, or

(n) Any duly incorporated nonprofit organization or association for the cultivation and sale of fresh fruits and vegetables on a tract of land of less than five acres within a city of the first, second, third or fourth class, provided that the nonprofit organization or association is not controlled, directly or indirectly, by any agricultural, commercial, or other business. The nonprofit organization or association shall be authorized to sell fresh fruits and vegetables either on the land that was conveyed, off that land, or both, provided, that the sales are related and incidental to the non-profit purposes of the organization or association and the net proceeds received by the nonprofit organization or association are used to further the non-profit purposes of the organization or association.

Whenever a sale of property is proposed pursuant to subsection (k), for gardening, or subsection (n) of this section, the county or municipality shall comply with all notice requirements for an application for development under section 7.1 of P.L.1975, c.291 (C.40:55D-12).

4. R.S.54:4-3.6 is amended to read as follows:

Tax exempt property.

54:4-3.6. The following property shall be exempt from taxation under this chapter: all buildings actually used for colleges, schools, academies or seminaries, provided that if any portion of such buildings are leased to profit-making organizations or otherwise used for purposes which are not themselves exempt from taxation, said portion shall be subject to taxation and the remaining portion only shall be exempt; all buildings actually used for historical societies, associations or exhibitions, when owned by the State, county or any political subdivision thereof or when located on land owned by an educational institution

which derives its primary support from State revenue; all buildings actually and exclusively used for public libraries, asylum or schools for adults and children with intellectual disabilities; all buildings used exclusively by any association or corporation formed for the purpose and actually engaged in the work of preventing cruelty to animals; all buildings actually and exclusively used and owned by volunteer first-aid squads, which squads are or shall be incorporated as associations not for pecuniary profit; all buildings actually used in the work of associations and corporations organized exclusively for the moral and mental improvement of men, women and children, provided that if any portion of a building used for that purpose is leased to profit-making organizations or is otherwise used for purposes which are not themselves exempt from taxation, that portion shall be subject to taxation and the remaining portion only shall be exempt; all buildings actually used in the work of associations and corporations organized exclusively for religious purposes, including religious worship, or charitable purposes, provided that if any portion of a building used for that purpose is leased to a profit-making organization or is otherwise used for purposes which are not themselves exempt from taxation, that portion shall be subject to taxation and the remaining portion shall be exempt from taxation, and provided further that if any portion of a building is used for a different exempt use by an exempt entity, that portion shall also be exempt from taxation; all buildings actually used in the work of associations and corporations organized exclusively for hospital purposes, provided that if any portion of a building used for hospital purposes is leased to profit-making organizations or otherwise used for purposes which are not themselves exempt from taxation, that portion shall be subject to taxation and the remaining portion only shall be exempt; all buildings owned or held by an association or corporation created for the purpose of holding the title to such buildings as are actually and exclusively used in the work of two or more associations or corporations organized exclusively for the moral and mental improvement of men, women and children; all buildings owned by a corporation created under or otherwise subject to the provisions of Title 15 of the Revised Statutes or Title 15A of the New Jersey Statutes and actually and exclusively used in the work of one or more associations or corporations organized exclusively for charitable or religious purposes, which associations or corporations may or may not pay rent for the use of the premises or the portions of the premises used by them; the buildings, not exceeding two, actually occupied as a parsonage by the officiating clergymen of any religious corporation of this State, together with the accessory buildings located on the same premises; the land whereon any of the buildings hereinbefore mentioned are erected, and which may be necessary for the fair enjoyment thereof, and which is devoted to the purposes above mentioned and to no other purpose and does not exceed five acres in extent; the furniture and personal property in said buildings if used in and devoted to the purposes above mentioned; all property owned and used by any nonprofit corporation in connection with its curriculum, work, care, treatment and study of men, women, or children with intellectual disabilities shall also be exempt from taxation, provided that such corporation conducts and maintains research or professional training facilities for the care and training of men, women, or children with intellectual disabilities; provided, in case of all the foregoing, the buildings, or the lands on which they stand, or the associations, corporations or institutions using and occupying them as aforesaid, are not conducted for profit, except that the exemption of the buildings and lands used for charitable, benevolent or religious purposes shall extend to cases where the charitable, benevolent or religious work therein carried on is supported partly by fees and charges received from or on behalf of beneficiaries using or occupying the buildings; provided the building is wholly controlled by and the entire income therefrom is used for said charitable, benevolent or religious purposes;

and any tract of land purchased pursuant to subsection (n) of section 21 of P.L.1971, c.199 (C.40A:12-21), and located within a city of the first, second, third or fourth class, actually used for the cultivation and sale of fresh fruits and vegetables and owned by a duly incorporated nonprofit organization or association which includes among its principal purposes the cultivation and sale of fresh fruits and vegetables, other than a political, partisan, sectarian, denominational or religious organization or association. The foregoing exemption shall apply only where the association, corporation or institution claiming the exemption owns the property in question and is incorporated or organized under the laws of this State and authorized to carry out the purposes on account of which the exemption is claimed or where an educational institution, as provided herein, has leased said property to a historical society or association or to a corporation organized for such purposes and created under or otherwise subject to the provisions of Title 15 of the Revised Statutes or Title 15A of the New Jersey Statutes.

As used in this section "hospital purposes" includes health care facilities for the elderly, such as nursing homes; residential health care facilities; assisted living residences; facilities with a Class C license pursuant to P.L.1979, c.496 (C.55:13B-1 et al.), the "Rooming and Boarding House Act of 1979"; similar facilities that provide medical, nursing or personal care services to their residents; and that portion of the central administrative or service facility of a continuing care retirement community that is reasonably allocable as a health care facility for the elderly.

5. This act shall take effect immediately.

Approved March 1, 2011.